

poriruacity

Rating Policy

December 2023

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1. Introduction

1.1 POLICY PURPOSE AND SCOPE

To assist in setting rates as specified within the requirements of the Local Government Act 2002 (LGA) and the Local Government (Rating) Act 2002 (LGRA).

This Policy is to be read in conjunction with the Revenue and Financing Policy, Rates Remission and Postponement Policy, and Funding Impact Statement.

Council must complete the following to set a lawful rate:

- LGA section 101(3) analysis (see Funding Needs Analysis);
- adopt a Revenue and Financing Policy (see the Long-Term Plan);
- adopt a Funding Impact Statement (see either an Annual Plan or Long-Term Plan);
- adopt an Annual Plan or Long-Term Plan;
- adopt a rates resolution consistent with everything above.

2. Key Principles for Rating Policy

- There will be one comprehensive rating system for the whole of Porirua city that allows consistent and transparent application across the entire city.
- For services with clearly identifiable private benefits a direct user charge may be more appropriate, as it causes the user to focus on cost and the need for conservation. However, this approach is to be tempered with an assessment of affordability, practicability, and the Council's other policies.
- The impact of the process of change, due to revised assessment of incidence of costs and benefits received, as well as changes in the assessment of ability to pay and other Council policies, will not fall disproportionately on any one section of ratepayers. While it is recognised that anomalies will exist it is not appropriate to focus on any special 'individual' cases.
- Rates paid should to some extent reflect the benefits received. However, it is recognised that the issue of benefit distribution analysis is a complex and inexact process.
- The rating burden should be distributed amongst ratepayers based on capital value of property and using targeted rates. Any differential, where appropriate, will be based on property use, the incidence of costs and benefit of service. It should consider 'ability to pay' practicalities and the Council's other policies but recognise that the level of rating also depends on the degree of use of alternative sources of income such as user charges.

3. Rate Components

Council's rates consists of three parts

- a Uniform Annual General Charge - UAGC (fixed charge)
- a general rate
- targeted rates.

Uniform Annual General Charge (UAGC)

The Uniform Annual General Charge is a fixed charge applied to every Separately Used or Inhabited Part (SUIP) of a property.

This means a house with an additional flat, unit, or minor dwelling, would pay two fixed charges.

General rate

The general rate is based on:

- the property's capital value
- how the ratepayer uses the property (residential, business, farm)

- whether the property's location is urban or rural.
- The general rate funds a range of services we provide, such as:
- libraries
- pools and parks
- roads and footpaths
- stormwater

Targeted rates

Targeted rates are paid by a specific group of ratepayers who receive a specific service - for example: water for properties connected to supply.

- Drinking Water
- Wastewater
- City Development
- Recycling

4. Rates Remission and Postponement Policy

The Council's Rates Remissions and Postponement Policy provides information on rates that can be remitted or postponed.

The Policy outlines the policy objectives along with the process and criteria for obtaining a remission or postponement.

5. General Rates

General rates are based on a differential rate basis.

Differentials are multipliers of the base residential rate and are set for each differential category based upon a property type or class e.g. business differential is 3.1. This means for the same capital value a business would pay 3.1 times the general rates that a residential property would pay.

The general rate is set differentially using matters as prescribed in Schedule 2 of the LGRA and as listed in the Funding Impact Statement.

The LGRA Schedule 2 allows Councils to set a general rate based on each of these matters.

5.1 GENERAL RATE DIFFERENTIALS

Rating units assessed for the general rate are categorised into one of eight differential categories:

- Residential
- Business
- Motels
- Shopping plazas
- Vacant land/Empty/Derelict Buildings
- Rural – less than 50Ha
- Rural – 50 Ha or greater
- Rural – Hongoeka Community

These differential categories are defined in Council's Funding Impact Statement in the Annual Plan / Long Term Plan.

5.2 BACKGROUND BEHIND THE CURRENT DIFFERENTIALS AND GUIDELINES TO THEIR SETTING

5.3 COMMERCIAL DIFFERENTIALS

Since 2021 the Shopping Plaza group 16 and the Business group 13 have had the same commercial differential of 3.1 times the residential rate.

The Motel Differential group 15 have their own differential ratio of 1.42 times the residential rate based on the unique features of short term accommodation.

The Vacant land/Empty /Derelict Building group 17 has a differential of 4.5 times the residential rate to encourage owners to keep their properties in a good state of upkeep so their properties are not put into this rating category.

5.4 RURAL DIFFERENTIALS

Two of the three Rural differential categories are based on the size of the rating unit.

The rural differential group 19 separates the lifestyle properties (less than 50Ha) from the larger rural farming properties of 50Ha and greater.

The Rural differential group 19 (less than 50Ha) has a differential of 0.8 of the residential rate while the Rural differential group 20 (50Ha and greater) has a differential of 0.7 of the residential rate.

A further rural differential rate was established in 2017 based on the Hongoeka Community to provide a lower differential rate for the Māori community. The Hongoeka Community group 21 has a differential rate of 0.7 of the residential rate.

5.5 DIFFERENTIAL CATEGORY RATE CALCULATIONS

The differential general rates for each group are based on the relationship of the differential general rate set for each group compared to the residential rate i.e. Factor

For Example

Differential Category	Differential Group	Factor
Residential	Group 1	1.0
Business	Group 13	3.1

The general rate will be calculated as follows:

The total capital value of each differential category is multiplied by the factor for that differential category. Differential category totals are summed to give a total “adjusted capital value” of all rating units in Porirua City.

The total general rate requirement for the relevant year is divided by the total adjusted capital value to give the Base Rate.

The Base Rate is then multiplied by each differential category factor to give the rate for that differential category.

Each differential category rate is multiplied by the total capital value of that differential category to give the total rates to be paid by the differential category.

6. Uniform Annual General Charge (UAGC)

A UAGC is set as a fixed amount per SUIP as defined within the Funding Impact Statement (FIS). The UAGC modifies the impact of rating on a city-wide basis.

The UAGC is directly allocated to some Council activities that all ratepayers have equal access to such as Democratic Services and Emergency Management.

The Council intends that the UAGC each year is based on the rates funding required for these agreed activities.

The core activities to be funded by the UAGC and their percentages are shown in the table below. The funding amount needed is calculated in the FIS for each activity in the Annual Plan / Long Term Plan.

Activities	Function	Percentage included in UAGC
Democracy	Elected Members	100%
Emergency Management	Civil Defense	100%
Te Awarua o Porirua Harbour	Porirua Harbour	100%
Libraries	Community Libraries	5%
Parks & Reserves - Outdoor Recreation	Playgrounds & reserves	5%
Indoor Recreation	Arena, Aquatic Centre, and Cannons Creek Pool	5%
Sports fields	Sports fields & outdoor courts	5%

7. Targeted rates

7.1 CITY DEVELOPMENT RATE

The City Development rate recovers 80% of the costs of the Economic Development activity's staff and supplier budget.

The rate is set as a rate per dollar of capital value of the commercial sector i.e. Group 13 Business, Group 15 Motels, Group 16 Shopping Plaza and Group 17 Vacant Land/ Derelict Buildings.

7.2 KERBSIDE RECYCLING

The targeted rate for Kerbside recycling is calculated as a fixed rate based on the net cost to provide the service and the number of SUIPs receiving the service or where the service is available.

7.3 WATER SUPPLY

The targeted rate for water supply is calculated based on a separate charge per SUIP.

There are two types of targeted water rates.

Where a property is connected to Councils water supply system they are charged a full charge.

Where the property is not connected but is within 100 meters of a water main they are categorised as “serviceable” and will be charged a half charge. These are typically vacant sections.

7.4 METERED WATER RATE

Water supplied via water meters will be charged on the basis of the volume of water supplied to those rating units.

7.5 WASTEWATER

The targeted rates for the provision of Wastewater services are calculated based on the net costs to Council to provide the service and are set as a fixed charge for each water closet or urinal connected directly or through a private drain to a public sewerage drain.

The service is based on the provision of the service (connected) and the Council does not differentiate the rate.

All rating units used exclusively or principally as a residence of not more than one household shall be deemed to have not more than one water closet or urinal.

7.6 WASTEWATER AND WATER: PUMPED PRESSURE SEWERAGE AND WATER RETICULATION FOR PAUATAHANUI VILLAGE

The targeted rate for pumped Pressure sewerage and Water reticulation for Pauatahanui Village is to recover 50% of the capital costs of the Pauatahanui water supply and Sewerage schemes. It will apply to those properties connected to the scheme. This rate is a fixed charge of \$779.31 (GST inclusive) per annum for 25 years from 2014/15 for every rating unit able to be connected or serviced by the scheme.

Properties in this scheme will also be charged the sewage disposal targeted rates and the water supply targeted rates to cover the operating costs of the water supply and wastewater systems for the city.

7.7 WASTEWATER AND STORMWATER FINANCIAL ASSISTANCE: REPAIRS TO PRIVATE STORMWATER AND WASTEWATER PIPES

The targeted rate is set to fund the repayment of financial assistance provided to ratepayers for replacement of wastewater and stormwater pipes located on their property.

The rate will apply to rating units where the ratepayer has volunteered to receive financial assistance from the Council (and for the targeted rate to apply). This voluntary targeted rate is only available to rating units in Group 1- Residential, Group 13- Business, Group 15- Motels and Group 16 -Shopping Plaza.

8. Separately used or inhabited parts (SUIP)

Council has elected to assess its UAGC and other fixed amount rates based on SUIP.

Council defines SUIPs in the Funding Impact Statement in its Annual Plan or Long-Term Plan. That definition only applies to the rating year of the Funding Impact Statement.

9. Rates payable by instalments

Council provides for rates to be payable in four equal instalments. In addition to quarterly, a ratepayer may elect to pay weekly, fortnightly, or monthly. Direct debits are available as a payment method over these frequencies. Additionally, payments may be made via the internet or in person at Council's offices.

Any payments received for rates are applied to the oldest debt first.

10. Rates penalties

Council sets penalties for overdue rates as part of its rates resolution.

Generally, Council adopts the following penalties regime:

A 10% penalty is applied on the next working day to any balance of any instalment not paid by due date.

A 10% penalty is added to any balance unpaid from previous years. This is added on 1 July of each year, or five working days after Council has passed the rates resolution (whichever is the later).

Any payments received for rates are applied to the oldest debt first.

11. Three-yearly revaluations of property values

Council has chosen to revalue every rating unit every three years, the maximum timeframe allowed by the Rating Valuations Act 1998.

The next revaluation to be undertaken will be in 2025 / 2026.

These values will be used for setting rates from 1 July 2026 for the 2026/27 financial year.

The revaluation may affect the amount of rates assessed against individual rating units relative to other rating units.

12. Calculating differentials following revaluation

The Rating Policy Review undertaken in 2023 has highlighted the need to review the policy settings for the general rate differentials in the year prior to a revaluation.

13. Existing ratepayers

Council determines its annual rates increases in respect of existing ratepayers.

Council defines an existing ratepayer as any rating unit that has been assessed for rates in the current year, and where there has been no change to the rating unit, since rates were set, of any category or factor on which rates were set.

14. Public availability of information

The rating information database (RID) is available for public inspection at Council's offices during business hours. Limited rating information is also available to view on Council's website.

Council reserves the right to charge a fee for supplying any person with a copy of information from the RID.

15. Objections and disputes

The Local Government Rating Act provides certain rights of objection to the information contained in the RID. Any objections to the allocation of property use to Council differential categories are to be made to Council for consideration. Contact information is available on Council's website.

16. References

Funding Needs Analysis, LGA section 101(3), provides the background and analysis to explain the funding decisions made by Council. It is guided by the funding principles and choices of funding sources documented in the Revenue and Financing Policy.

The Revenue and Financing Policy states Council's policies regarding funding operating and capital expenditure and shows how Council has complied with section 101(3) of the LGA.

The Funding Impact Statement is included in each Long-Term Plan and Annual Plan as required by clauses 15 or 20 of schedule 10 of the LGA. It shows the results of the detailed rates calculation for the first year of the plan.

The Rates Remissions and Postponement Policy provides information on rates that can be remitted or postponed. The Policy outlines the policy objectives along with the process and criteria for obtaining a remission or postponement.